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County money safe despite finance woes

Taxpayers' money invested with the Arizona State Treasurer's office is safe, according to a rating from Standard and Poor's Rating Services, a worldwide credit-rating firm.

The state's rating from Standard and Poor's was AAA for investments and S1+ for stability, according to a news release from State Treasurer Dean Martin's office. These are the highest ratings possible, Martin said.

County and school district property tax money that is paid to the Graham County Treasurer's office is invested in the Local Government Investment Pool, which is managed by the State Treasurer's office.

Often called S&P, the firm recently rated Arizona's \$2.5 billion investment pool for the first time and found it to have "an extremely low sensitivity to changing market conditions," according to a news release from Martin.

Graham County has between \$9 million and \$12 million invested in the pool, County Treasurer Jean Reynolds said. The county deposits and withdraws money as needed, which accounts for the fluctuation, she added.

During the recent financial meltdown on Wall Street, Graham County's investments fared well because they did not include mortgage securities.

"The State Treasurer made every effort to be out of the mortgage securities early on," Reynolds said. "The exposure in Graham County was just \$7,500."

While it is never good to lose money, compared to the \$9-12 million the county has in the pool, the \$7,500 loss is minor, she said, adding that the state expects to recoup the loss soon.

In a phone interview with the Courier, Martin said 140 local and county governments deposit money with the State Treasurer's office. "We run the bank for the state of Arizona," Martin said.

The State Treasurer's office tracks investments electronically and has a risk management committee that makes recommendations on investments. About 70 percent of the investments are with U.S. government agencies, Martin said.

When choosing where to invest the tax money, the state treasurer considers the safety of the investment the first priority, followed by liquidity and returns on the investments, Martin said.

The State Treasurer's office will be rated every month by S&P, Martin said, and subsequent state treasurers will be required to comply.

The rating does not include the state's budget or the state government's spending choices, Martin said.

He believes the addition of monthly ratings by S&P will help validate the state's investment process.

"We're doing a good job of managing through this (financial) crisis," Martin said. "We're being as transparent as we possibly can."

Diane Saunders, Staff Writer